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**Central-Local Relations in an Era of Governance: Towards a New Research Agenda**  
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**ABSTRACT**

Over recent years central-local relations has been a neglected topic for research in England. Local government research has mostly focussed on political and institutional changes at the local level. The aim of this article is to set out a future research agenda on central-local relations which recognises how the spread of new 'governance' arrangements has changed those relations and how insights from the governance literature can shed light on those relations. The article stresses the need (1) to understand local policy processes and outcomes within the context of a wide range of non-local factors and actors, and (2) how those processes and outcomes have changed as governance arrangements have grown in significance. The contemporary politics of the welfare state involve both a greater central reliance on governance arrangements but also a rejection of the formerly highly institutionalised national local government system, dominated by service-based policy communities. Instead, the national-level policy processes now involve more diverse types of actors and, in many cases, cut across service-based boundaries. The key question is the extent to which these changes have modified the policy systems within which local government is embedded and whether they are more pluralistic or open than the old policy communities which once dominated local government policy-making at the centre.

**Introduction**

Over recent years central-local relations has been a neglected topic for research in England. Local government research has mostly focussed on political and institutional changes at the local level. A great deal is now known about the impact locally of the present Labour government's reforms with extensive research findings covering reforms such as the promotion of a mixed economy of service delivery, Best Value and subsequent performance management frameworks, the working of partnerships and the modernisation of local government policy-making processes. These research findings incidentally provide many insights into central-local relations. But many pressing questions remain unanswered – how are local interests represented at the national level? what are the origins of central policies behind local policy outcomes? how do actors at the various levels of government, and in political party and policy networks, make the system work for them? The aim of this article is to place these and related questions at the heart of a new central-local relations research agenda.

'Central-local relations' is defined here broadly to include not just the direct governmental relations between central departments and local authorities, but also those interactions involving non-governmental actors from both the central and local levels as well as the national-level world of local governance. This article, then, is based on two assumptions. Firstly, local policy outcomes and processes have to be understood not just in terms of local factors but also as conditioned by national policy settings. Secondly, any contemporary analysis of central-local relations must reflect the move from an era of 'government' to one of 'governance' (Richards and Smith 2002: 15). 'Governance' is an overused term with a wide range of meanings (Rhodes 2000, Stoker 1998; Kjaer 2004), however no obvious word quite captures the changes stressed in this article. 'Governance' then refers here to two main changes in the service delivery structures relating to government. (1) The structures of public policy making and delivery have become more complex and multi-organisational – as

opposed to the structures which delivered the post-war welfare state, particularly in Britain, which were a series of large bureaucracies; As Richards and Smith (2002: 279) note 'it is not what the state does that is different, it is how it does it'. (2) non-governmental actors are playing a significant role in, at least, the delivery of policy and possibly in the formation of that policy. These non-governmental actors refer to those from appointed bodies, partnerships and alternative service delivers in the voluntary and private sectors. These changed structures and the involvement of non-governmental actors have three crucial implications.

(1) Those in formal policy-making roles, insofar as their policy objectives require the compliance of disparate actors, have to develop new strategies to manage and coordinate policy with actors who are now outside the usual governmental chains of command. What strategies do the formal policy-makers adopt to manage under these changed circumstances? Do central policy-makers, in central agencies and departments, have the capacity and competencies to manage more complex and disaggregated public service delivery structures? In what ways, do locally-based governmental actors respond to these efforts by central management? Do governance structures offer them new opportunities to defend their discretion or work to influence policy at the centre?

(2) Non-governmental actors have their own objectives which may not be consonant with those of the governmental actors – how do they accommodate themselves to working for government? do they seek ways of influencing policy at the local or central levels?

(3) The increasingly complex relationships within policy delivery structures, and the involvement of non-governmental actors, raise questions of democratic accountability and legitimacy. These complex relationships and diverse actors complicate the identification of who does what and, thus, who should be held accountable? how are non-governmental actors held accountable outside the traditional lines of democratic accountability? and on what authority do these actors take, or participate, in decisions relating to their fellow citizens?

Central-local relations, as defined here, offers a major arena within which these questions can be investigated and hypotheses arising from the debate over governance can be tested out and refined. That debate is plagued by definitional wrangles and many compelling, if sometimes poorly-based, generalisations about the direction of change. Thus a pressing need exists for more research to chart how far governance arrangements have displaced direct government, under what circumstances and with what consequences for our understanding of contemporary policy structures and their implications for democratic accountability. Not least a historical perspective is necessary if governance trends are to be properly understood. Any analysis of central-local relations in the new world of governance has to start from the identification of two views or interpretations of the consequences of governance in Britain – the weak centre versus the strong centre view. Rhodes (1996: 667) is the main advocate for the weak centre or 'hollow government' thesis in the UK. He proposes that the state is becoming 'a collection of inter-organisational networks made up of governmental and societal actors with no sovereign actor being able to steer or regulate'. Thus central government has lost control to a range of 'policy networks' which have acquired 'self-organising' capacities and resist central direction. In other words, 'institutional differentiation and pluralisation in British government ... erodes the capacity of the core executive to steer'. The proponents of a strong centre contest this thesis. They argue that central government remains pre-eminent with the very process of institutional differentiation actually enhancing the power of the centre. Thus central actors can retain a monopoly over the overall governmental direction precisely through a divide-and-rule strategy made possible by the disaggregated nature of contemporary British government. 'The state may be relinquishing *direct* control, but in doing so, it is attempting to purchase wider *effective* control. In short, it is attempting to buy new governing capacity in the

locality' (Davies, 2002: 315; see also Saward 1997; Taylor 2000; Bache 2003). Marsh et al.'s (2001, 2003) research, too, on central departments has led them to propose an 'asymmetric power' model which stresses the continued pre-eminence of central departments.

The notion of multi-level governance introduces another dimension to the governance debate. Multi-level governance is a 'system of continuous negotiation among nested governments at several territorial tiers' (Marks 1993: 392 quoted in Bache and Flinders 2004: 3). Marks introduced the term to capture the European dimension to national and local government in the administration of European Union (EU) structural funds. It encompasses claims about the increased interdependence of governments at the various territorial levels in Europe and between governments and non-governmental actors at those levels (Bache and Flinders 2004: 3). Not least, multi-level governance implies a decline in the autonomy of nation-state governments, while the European and subnational levels have gained increased responsibilities. However, as Bache (2004) concludes, the evidence for such a decline in England is limited even in the area of EU regional policy – central government retains a tight control over EU funding flows to the regional and local levels, while English local authorities have seen their discretion curtailed not enhanced. Nevertheless, the multi-level governance perspective underlines the point that central-local relations can be understood as an arena in which many actors behave strategically within a system which offers a range of possible locations to pursue their objectives.

The next section examines how and why a era of governance has emerged in Britain through a compressed history of the last sixty years. It argues that central-local relations must be understood within the changing politics of the welfare state, in particular the changing context of public spending expansions and contractions.

### **The Changing Role of Local Government in the Welfare State**

British local authorities deliver major welfare state services in education and social services, and are responsible for about a quarter of all public spending. Inevitably, then, central policy makers take a strong interest in local government expenditure and have always sought to manage the politics and policy of the locality. The crucial point is that they have done so in different ways at different times. Thus central-local relations is more than a simple story of central encroachment on local autonomy and must be understood as shaped by changing approaches towards the management and control of the devolved welfare state. Those relations, and the variations in local government powers and responsibilities across time, have to be understood within the context of the changing politics of the welfare state. In Britain those changing politics can be very roughly identified as three periods in the development of the post-war welfare state: (1) the immediate post-war welfare state expansion until the late 1970s; (2) retrenchment or austerity until 1997; and (3) the second post-war period of expansion or welfare state renewal after 1997.

The first period, a 'golden age' of public service expansion, was one of broad inter-party and inter-governmental consensus on welfare state expansion. The growth of the welfare state, and the expansion of local government to deliver major high spending public services (education, social services, housing etc.), inevitably drew the national political parties into strengthening their presence in local authorities. National and local politicians defined their role as overseeing the expansion of the local welfare state and claiming the credit for its achievements, while the public service professions acquired a key role in a high-discretion welfare state which allowed them considerable influence in policy formulation (Goldsmith and Page 1987). Central government set the overall direction of the welfare state but with the public service professionals largely entrusted with the more detailed development and expansion of public services. The assumption was that those services

were best delivered through professionalized bureaucracies. For the professions had long been seen by reformers at the centre, since the mid nineteenth century, as a countervailing force to the undesirable pull of local interests and politics (Laffin 1986). The professions came to be a major source of policy initiatives and exercised considerable influence over the formation of policy, both nationally and locally, and thus were an important part of the explanation of the policy similarities across the country (Dunleavy 1980; Laffin 1986). Thus both 'partisanisation' (i.e. electors voting locally on national issues, councillors implementing national party programmes locally) and professionalisation led to a nationalisation of local policy across local authorities.

A 'national community of local government' (Rhodes 1986), then, developed as a stable, highly institutionalised, set of relationships between central departments and the national-level local authority associations, and those departments and the profession-dominated policy communities. Similarly, Dunleavy (1981: 123) identified a 'national local government system' as 'the complex web of inter-authority and supra-authority relations which can exert a strong influence' on policies pursued by individual councils. This national local government system largely set 'the parameters within which local authorities operate'. The then 'policy-making map' was a 'series of vertical compartments inhabited by a different set of organised groups and generally impenetrable by "unrecognised groups" or by the general public' (Richardson and Jordan 1979: 74). Despite the existence of three main local authority associations, in practice the agendas for the major public services were largely set by professionalised policy communities (Laffin 1986; Rhodes 1986), although even then housing management proved an exceptional case (Laffin 1986). The public service professions exercised considerable influence through the 'policy communities' – defined here as closed networks, with a high degree of internal consensus and including central and local government professionals (Richardson and Jordan 1979; Laffin 1986). Meanwhile, these policy communities enjoyed considerable influence within the central departments. Notably, in the late 1970s the then Labour government sought to re-assert its control over these service-based communities to dampen down their upward influence on public expenditure by encouraging the countervailing, 'topocratic' or place-based power of treasurers and chief executives (Rhodes 1986: 376).

The second period, from the late 1970s, was characterised by a search for welfare state retrenchment. Retrenchment poses qualitatively different problems of political and bureaucratic management compared with those of welfare state expansion (Pierson, 1996). Austerity proved difficult in political terms – avoiding the blame for cuts, both apparent and real, and the consequent electoral fall-out – and in practical policy terms – how to cut back in an orderly fashion without creating major service delivery failures. The politics of austerity, which began under Labour in the late 1970s and intensified under the Conservatives during the 1980s, involved tighter financial and other controls plus a rejection of the service profession-driven local government model. Labour local government resisted central cutbacks, especially the imposition of 'rate-capping' (direct control over the ability of local authorities to raise local rates) and sought to act as a break on central retrenchment. Many local authorities, driven more by partisan than territorial loyalties, directly challenged central government policy to a historically unprecedented degree (Lansley et al. 1989; Gyford 1985). The polarised politics of the 1980s also encouraged the Conservative centre to seek greater direct control over local government and use real or apparent abuses of power by certain Labour, 'loony-left' local authorities to discredit Labour as an alternative government (Lansley et al. 1989: 174; Entwistle and Laffin 2005). Conservative ministers ceased to rely on the more indirect steering of local policy via the professions, associated with the period of expansion, and sought more direct controls over authorities through a raft of initiatives like compulsory competitive tendering, performance reviews, nationalised the business rate, rate-capping and (least successfully) the poll tax (Butler et al. 1994). The other key feature was the introduction of new inspectorates and the reform

of existing inspectorates to tighten control. In particular, the Audit Commission was formed in 1983 and Ofsted was created out of the HM Inspectorate of Schools in 1992 to reflect better Conservative values and drive change in schools (Lee and Fitz 1997). Conservative ministers also sought to manage local policy to ensure that their objectives were realised by working around local authorities through a wide range of new appointed bodies and self-governing agencies (Skelcher 1998: 50), thus laying the foundations of 'governance'. Similarly, they began to involve non-governmental actors from within the voluntary sector more extensively to deliver services: 'The voluntary sector provided central government with the means to disempower local authorities in the housing field, and to broaden its own ambit of influence through the development of a tight regulatory regime' (Kendall & Knapp, 1996: 160) (thus leading to the establishment of a vertical policy linkage separate from the central-local *government* relationship in housing).

The third period, following Labour's election in 1997, saw a return to welfare state expansion or, given its more modest scale compared with the earlier period, welfare state renewal. Labour ministers have not returned to the high-discretion welfare state model. Ministers are acutely aware of how critical local government performance is to achieving public service reform (Stoker 2004). Consequently, the strategy has involved an elaboration of direct controls over local authorities through the various tools of contemporary performance management – targets, inspectorates and so forth. They have not reinstated the old style of consultative processes with profession-dominated policy communities. The professions no longer enjoy easy access to central departments: 'In the current political environment the ability to reframe problems, draw on international lessons and deliver change is more important than an expertise rooted in existing practice' (Laffin & Entwistle, 2000: 214). Labour ministers, as did their Conservative predecessors, look to more heterogeneous sources of advice and ideas beyond the civil service and the professions. Such sources include thinktanks, management consultants, voluntary organisations, interest groups and inspectorates for advice and policy ideas. Tellingly, the changed ministerial expectations and a more competitive policy environment have compelled the Local Government Association leadership to adopt a more flexible organisation form and employ policy generalists rather than the traditional professionals (Entwistle & Laffin, 2003). By the same token senior civil servants report that they do not enjoy a monopoly on policy advice to ministers (Richards 2008). Indeed the Westminster Labour leadership had already carefully crafted policies before 1997, drawing on expertise outside the traditional consultative channels, intended to limit the influence of the unions in local authorities (Entwistle & Laffin 2005). These policies later evolved into a Labour modernisation strategy of imposing a tightly-controlled, target-driven model on the public services. This model has involved constraints on local government discretion as well as on the power of the professions and unions. The view from the Prime Minister's Office and Treasury is that any additional spending must be seen to deliver better public services if public services are to win sufficient electoral support to sustain them and the New Labour project.

Under Labour the disaggregation of the public services, into a wide range of appointed bodies and partnerships, has continued. Labour ministers have celebrated the potential of networks, partnerships and market-type relationships as mechanisms of coordination as opposed to the Old Labour mechanisms of big bureaucracy and centralised rules (Richards 2008: 47). They have also stressed that contemporary social problems no longer correspond to neat professional or departmental boundaries but 'cross-cut' these boundaries and thus require multi-agency rather than a single agency response. Even within local authorities themselves the old, profession-focussed departments are being transformed into multi-disciplinary and problem-focussed organisation in which traditional professional competences and commitments are losing their status

### **The Contemporary World of Central-Local Relations**

This sketchy history shows how the politics of party and of the welfare state have long over-ridden the politics of the locality and, moreover, how the role of these politics has promoted the shift towards a greater reliance on governance arrangements. Both Conservative and Labour ministers concluded that their role was weakened, it might even be said to have been ‘hollowed-out’ by the existence of these powerful policy communities which they have, consequently, dislodged. Crucially the party has been the source and instrument of change as Gyford (1986: 139) observes: ‘If the professional-bureaucratic complexes described here as policy communities are a source of institutional inertia, the parties are a source of change’. Consequently, the pattern of profession-dominated policy communities occupying a distinct policy sector has largely passed into history. The spread of governance arrangements has created, or strengthened existing, non-governmental linkages between the centre and the locality outside the formal central-local government channels. A distinction is made here between ‘linkages’ which refer to the vertical channels of central-local relations and ‘policy networks’ which refer to a collection of interest groups, officials and others with an interest in a particular policy area acting at the national level; while a ‘policy community’ is a closed policy network which is more difficult to join, whose members control the criteria for membership and have considerable shared values and views. Linkages and networks, as defined here, perform different functions but are likely to have some overlapping membership and, as stressed earlier, some actors use these structures strategically to pursue their own objectives. The proliferation of central-local linkages, characteristic of governance, is relevant to whether central government is emerging as a strong centre or as a weak/hollowed-out government. This question relates to the extent of (1) central government’s steering capacity over local authorities and the central-local linkages as well as over the national-level policy networks; (2) the influence of those policy networks and communities over central government policy; and (3) locally-based actors’ capacity to achieve their own objectives and defend their discretion.

### **Central Government in the World of Central-Local Relations**

Any examination of central government’s steering and control capacities have to recognise the changed dynamics within central government. An historic shift has taken place towards the ‘core executive’ of No. 10, the Treasury and Cabinet Office and away from the Whitehall departments. In particular, the policy initiative in many key areas has shifted to No. 10 and the Treasury. The Cabinet Office has also acquired a strong policy and management monitoring, or even enforcement role, in relation to the departments, reflecting the stress on improving service delivery (Fawcett and Rhodes 2007: 84). Under Blair political appointees have driven many of the emblematic Blairite policy ideas, for example Andrew Adonis (now Lord Adonis) has driven major aspects of school reforms. Labour ministers have added their own policy initiatives to the policy brew, leaving local government members and officers, as well as people elsewhere in the public services, to respond to a wide range of new policy initiatives. Those ministers in the big service departments have added to local government controls by demanding that funding should be funnelled through specific funding streams. Central government funding has moved towards the greater use of specific grants, specific central government grants increased from 15 to 26 per cent of total central grants between 1999-2000 and 2003-04 (Laffin 2007: 78), and this was before school funding was ring-fenced.

Meanwhile, the Department of Communities and Local Government (CLG) (and its three earlier departmental incarnations since 1997) has struggled to define and defend a role for itself in the face of powerful service departments – is it a coordinating department vis-à-vis the big Whitehall service departments or the local government sponsoring department? The CLG Permanent Secretary’s response to the CLG Capability review proposing ‘delivery agreements with key government departments within the next six months, which establish a shared view of the priority tasks we need

to deliver together' (Cabinet Office 2006: 6). In other words, the CLG is attempting to promote a more coherent approach towards local government across Whitehall departments. Ruth Kelly, the then Minister for Communities and Local Government, acknowledges the issue and herself sets out the key research question on the Department's future:

You are absolutely right to say that we work through influencing other departments to a large extent. We have a big challenge to think through how we deal with external stakeholders and other Whitehall departments and how we influence and motivate them towards our agenda. One of the signs of success of the Department would be to get other departments to think not just about their own particular policy priorities but to think about how they are delivered in local places. If we manage to do that, I think that will be a sign of success. (Kelly 2006)

### *Filling the gap? The Inspectorates*

The rise of the inspectorates, as noted earlier, has been a notable development associated with the spread of new governance arrangements. Their key roles are enforcement, regulation, and feedback and advice provision for the centre. Particularly in the latter role, they fill the gap left by the marginalisation of the no longer trusted professions. The Audit Commission has acquired a particularly key role in implementing the government's public services modernisation agenda. It acts 'on the government's behalf to regulate elected local authorities' and advances a particular view of what is good practice largely reflecting central government's priorities (Kelly, 2007: 603). Its role has extended beyond that of simple 'auditing' to play an enforcement role in ensuring that local authorities modernise in line with central government policy. Arguably, too, this encompasses a political role in disciplining dissident authorities less enthusiastic than the government over the modernisation agenda. Notably, the Comprehensive Performance Assessment, the latest in the various performance management regimes imposed on local government, worked because the CPA has acquired the crucial support of local allies, mainly chief executives and other senior officers rather than among the elected members, essentially because the formers' career prospects and even survival have come to hinge on the CPA results. CPA has also worked because it was backed by the Audit Commission which acted as an enforcement system capable of detailed monitoring and able to penalise errant authorities with its powers of 'naming-and-shaming'. Thus, it could be argued 'that the capacity of the centre to implement policies require, as necessary and sufficient conditions, the support of local allies plus an enforcement mechanism' (Laffin 2008: 116)

Such inspectorates also have important feedback or learning functions for central policymakers. Thus policy makers can reduce their dependence on, for them, less reliable sources of ideas and information by looking to the inspectorates. For instance, the reform of Ofsted (now the Office for Standards in Education, Children's Services and Skills) has led to it becoming a major source of information to steer the educational system (Lee and Fitz 1997). Thus inspectorates have acquired, in part, the professions' role in promoting policy change and defining, identifying and diffusing 'good practice', now the professions are limited to mostly just narrowly technical issues (Laffin and Entwistle 2000). Similarly, Brooks (2000) argues that New Labour has mobilised a broad policy community, through the Audit Commission, in favour of democratic renewal, involving leading local authorities, academics and researchers, consultants and bodies such as the Improvement and Development Agency (IdeA) (sponsored by the LGA and, therefore, related to local government but often identified by local authorities with the central government modernisation agenda). Again, apart from Kelly's (2007) work on the Audit Commission, considerable scope exists for research on the role of inspectorates as policy actors.

### *Filling the Gap: Regional Government Offices*



The government has strengthened the regional level of government within England in particular, the role of regional government offices (GOs), although it has abandoned the idea of elected regional assemblies following the rejection of such an assembly in the North-East Referendum. Originally established in 1994, they were largely seen as enabling Whitehall departments to more effectively control regional developments (Bache 2000) and to improve coordination across departments at that level (Pearce et al. 2008: 446). In 2006 the Government announced its intention ‘to move the GOs from being mainly administrative, programme-focused organisations to strategic and transformational offices that add real value in supporting the delivery of key local and regional outcomes’ (para. 4.8) but with a reduction of a third in staff (HM Treasury 2006). This expansion in their role could mean that they will overlap and perhaps compete with established central-local service delivery linkages (Pearce et al., 2008: 458). The new expectation that GOs should be ‘strategic’ and ‘transformational’ also seems to contrast sharply with their capacity and limited size. Thus local government chief officers and leading local councillors can find themselves dealing with lower middle level officials, whom they often perceive as having a less certain grasp of ‘how things work’ than themselves. This anecdotal evidence suggests that GOs have some way to go if they are to fulfil the role identified by Treasury. That role would also suggest that GOs would need greater discretion than they presently enjoy if they are to play a more active role. Yet the more discretion they enjoy, the less legitimacy they will have in the absence of any oversight from a regionally-elected level of government. Again there is a possible research agenda here to track how far GOs fill the apparent gap in regional-level connections within central-local relations and whether they are indeed acquiring an enhanced, ‘transformational’ role.

### **The Proliferation of Non-Governmental and Non-Local-Government Linkages**

One consequence of increased governance arrangements has been the emergence of new central-local linkages, involving non-governmental and non-local-government actors, outside the traditional central-local government channels. ‘Non-local government’ actors refer here to governmental bodies, like those within the health service and law-and-order system, to quangos or non-departmental governmental bodies (like the Housing Corporation, soon to be Communities England), voluntary organisations and private sector organisations. All of these actors are located within distinct central-local linkages, separate from the central-local *government* relationship although sometimes overlapping with that relationship. Housing policy provides a good example. In housing a distinct central-local linkage has emerged between the Housing Corporation and housing associations. The Housing Corporation regulates housing associations (although this role is about to be placed with a separate Tenant Services Authority), which are the major providers of low-cost social housing following the reduced role of authorities as direct providers of housing (a process dating back to the earlier period of austerity). Thus the Housing Corporation-housing association linkage has come to be of vital significance for local policy outcomes. However, the Housing Corporation operates in a ‘national’ not a ‘local’ policy context. That means that, in particular, it has faced pressures from Treasury to pursue a policy of promoting amalgamations among housing associations largely on the basis that larger associations are assumed to be more efficient (Murie 2004: 142). Creating large housing associations, which may have a regional or even a national presence, is unlikely to be ‘a recipe for greater community responsiveness or local control (Murie 2004: 148) and would also seem to be powerful actors vis-à-vis individual local authorities (which, of course, may be the government’s intention). Again we need to know more about how national policies shape housing associations and, in turn, how they influence local policy and how the national bodies in this area, such as the Housing Corporation (soon to become Communities England) and National Federation of Housing Associations, influence national policy and thereby policies locally. And, not least, compete with local government representative organisations for

influence at the centre. A possible initial hypothesis could be that these alternative policy linkages tend to centralise local policy and to weaken local participation.

Labour ministers have continued to reinforce the role of voluntary organisations as alternative ways of delivering public services. Under Labour their turnover has increased from around £16 billion to over £27 billion between 1997-98 and 2004-05, while their workforce has increased by around a fifth (H.M. Treasury 2007: 10). Notably that growth has taken place predominantly in large charities while the income of many small and medium-sized charities has declined (NCVO 2007 quoted in H. M. Treasury 2007: 10). This increase largely reflects increased government funding, both at the local and central government levels. Government policy makers have turned to the voluntary sector from a mix of ideological, idealistic and instrumental/cost-saving reasons (Kendal and Knapp 1996: 133-164). The Conservatives largely resorted to the voluntary sector to reduce costs (Kendal & Knapp 1996: 216), but Labour has, at least explicitly, sought a 'partnership' with the voluntary sector and early on signed a Compact with the sector. An Office of the Third Sector has been created in the Cabinet Office (with a spend of £515m to improve the capacity of that sector). However, Lewis (2005: 22) notes (impressionistically) that 'in the 2000s, and particularly since 2002, there has been more evidence of large and umbrella voluntary organisations (such as the National Council for Voluntary Organisations (NCVO)) playing an active role in shaping the implementation of major government initiatives'. Although she believes that central government remains dominant in shaping the overall agenda relating to the voluntary sector. Indeed many of those within charities express concerns over the dangers of being coopted by central or local government: their original and cherished mission, particularly where it involves advocacy on behalf of deprived groups, becoming lost once they become dependent on government (Osborne and McLaughlin 2004: 579; Charity Commission Conference 2006). Clearly there is a need for more studies of the mega-charities and of the voluntary sector umbrella organisations within the context of central-local relations and, as Lewis suggests, as potentially influential actors within national policy processes.

Private sector organisations have also grown in significance as alternative means of service delivery and as sources of advice for government. One group are management consultants which have been increasingly used by Labour in government. The use of consultants by ministers spiralled under the Thatcher government in the 1980s (Marsh et al., 2001: 178-179). Labour, too, has used not only consultants on a large scale but also a myriad of policy task forces and advisory groups which may be becoming new, if transient, power centres (Hay and Richards 2000; Barker et al., 1999). A 'revolving door' phenomenon has also emerged as ministers, special advisers and senior civil servants have passed across between consulting companies, and other private sector organisations, and the public sector. The extent of this phenomenon remains anecdotal and systematic research remains to be done. Another possibly influential type of commercial organisation are service companies, like SERCO and CAPITA, which have come to play an enhance role in service delivery, initially in the more routine functions but increasingly in managing more complex tasks, such as taking over the running of school education in some places, which arguably means exercising a discretion in service management once considered a monopoly of directly employed local government officers. Thus their role does raise issues of accountability and legitimacy. Yet very little is known about their policy impact, either at the national or local level. Similarly, Public Finance Initiative (PFI) projects and other public-private partnerships mean that financial institutions and construction companies, like Jarvis, are also playing a role. Yet again we know little about how they influence policy despite the significant literature examining the financial case for and against PFI. Under-researched questions arise over the local and national level consequences of the increased involvement of private sector firms in the provision of services - do they constitute a 'new' producerist interest? especially where those involved act strategically in seeking influence at whichever level of government promises them the most opportunity. Certainly, in the past such

relationships have been significant. Most notably Dunleavy (1981: 129-133) shows how pressure from construction companies during the 1970s was a major factor in local authorities adopting industrialised high-rise housing contracts, a form of housing now widely seen as contributing to serious social problems. Yet no comparable research has been conducted in recent years despite the greatly increased involvement of the private sector in service delivery.

### *The Rise of Party-Centric Networks*

The growth of think tanks has been a notable change in the policy landscape over the last 30 years (Stone 1996, Denham and Stone 2004). They, like the inspectorates, could be seen as filling in the gap left by the marginalisation of the professions as a key source of policy ideas – although the extent of their influence remains contentious. Under Labour think tanks – such as the Institute of Public Policy Research (IPPR), Demos and the New Local Government Network (NLGN) – have been credited with significant influence. For instance Travers (2007) credits the New Local Government Network (NLGN) as having had a key influence on government thinking on issues like local 'Partnership Contracts' which appear to prefigure introduction of the Comprehensive Area Assessment. Certainly, anecdotally the NLGN appears to have had more influence in the earlier years of the present Labour government when relations between the NLGN and ministers then in the relevant departments were close. Key figures in left-ward leaning think tanks have been recruited into key roles especially within the Cabinet Office – most notably Matthew Taylor, formerly Director of the Institute for Public Policy Research, and Geoff Mulgan, formerly Director of Demos. However Denham and Garnett (2004) argue that under Labour policy makers at the centre have effectively re-asserted their control, curtailing think tank influence through the absorption of 'outsiders' like Taylor and Mulgan, establishing internal government think tanks (such as the Cabinet Office Performance and Innovation Unit and Social Exclusion Unit) and using external think tanks for certain types of arms' length work which can later be repudiated if it proves politically awkward (Denham & Garnett, 2002: 245).

It is notoriously difficult to assess the influence of particular individuals and organisations within the policy process as recent international studies of think tanks recognise, especially given the increasingly crowded policy systems across the world (Abelson 2002). Ministers have continued to engage with think tanks (giving speeches, 'authoring' reports and publicly responding to think tank reports) and think tanks continue to grow and private sector companies to donate to them. Denham and Garnett overlook how many ministers see think tanks as alternative sources of advice to what might otherwise be a civil service monopoly. It is also important to acknowledge that the relationships between government ministers and the think tanks are largely *intra-party*, so that party solidarity is an important element, although they have been critical of government. Given this political context, they may be primarily significant as platforms for ideas, arenas for policy debate outside official and public arenas, locations for 'resting' politicians and as links into government for 'policy entrepreneurs'. Their greatest resource is access and potential influence. Thus it may be that their significance is as 'policy impresarios', bringing together or mediating between policy entrepreneurs and their audience of policy-makers. Think tanks, too, are vulnerable to having their research priorities influenced by commercial interests which may use their sponsorship to support particular types of study. Again limited systematic research has been completed on how think tanks work in general and very little in the specific context of central-local relations.

### **Conclusion**

This article has sought to stress (1) the vital importance of a central-local relations perspective if local policy processes and outcomes are to be fully understood and (2) the changed nature of those

relations in an era of governance. Firstly, central-local relations must be understood within the post-war historical context of the party politics of the welfare state and not as a simple story of central encroachment on local autonomy. Successive periods in the development of the welfare state have had different implications for local government and the ways in which central government has sought to control local authorities. Meanwhile, the demise of central government has been much exaggerated. It remains the dominant force within central-local relations, although the means of that domination have changed over time and inevitably those means appear more oppressive in periods of austerity and renewal than in periods of expansion. Secondly, the changing politics of the welfare state has not just driven the shift towards the greater central reliance on governance arrangements but also the parallel shift away from a once highly institutionalised national local government system, dominated by service-based policy communities, towards more fluid national-level policy processes involving more diverse types of actors and in which service-based boundaries have declined in significance. Nevertheless, the key question remains whether these changes involve the displacement of one type of policy community for another, the party-centric replacing the profession-centric, or whether they represent a move towards greater pluralism with an opening up of access to non-conventional policy actors.

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